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S E C R E T SECTION 01 OF 02 ABU DHABI 000701

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FROM AMBASSADOR

E.O. 12958: DECL: 07/08/2019

TAGS: [PREL](#) [EFIN](#) [ECON](#) [AE](#)

SUBJECT: SCENESETTER FOR TREASURY SECRETARY GEITHNER'S VISIT TO THE
UNITED ARAB EMIRATES

Classified by Ambassador Richard Olson, reasons 1.4 (b, d).

¶1. (U) We warmly welcome your visit to Abu Dhabi. You will be the first Cabinet Secretary of the wildly popular Obama Administration to visit the UAE and the UAE leadership is delighted with that you will be coming.

¶2. (C) In the past five years, the United Arab Emirates has emerged as one of the economic powerhouses of the region (our largest export market in the Middle East) and attained a commensurate level of political influence. No longer comfortable hiding behind the Arab League or Saudi Arabia, the UAE's dynamic young leadership stakes out independent positions on Afghanistan, Pakistan, and Iraq, and seeks a greater role on the world stage, as with its recent success in winning the headquarters for the new International Renewable Energy Agency (IRENA). Abu Dhabi is a must-go stop for regional leaders like Abu Mazen, Karzai, and increasingly for Western leaders as well.

¶3. (C) The Emirate of Abu Dhabi is run on a day-to-day basis by 49 year old Crown Prince Mohammed bin Zayed (MbZ), who assumed his position in 2004. MbZ's vision for Abu Dhabi is transformational: he wants to build a modern, knowledge based economy with a well educated population, while conserving the core values derived from its Bedouin heritage and its particularly moderate and tolerant version of Islam. His primary domestic concerns, therefore, relate to education (reform of the K-12 curriculum, improving quality of schools) and health care (to reach a point where the best advice for sick Emiratis is no longer to get on a plane). Both initiatives have a strongly American flavor with major U.S. companies and institutions serving as consultants and implementers.

¶4. (S/NF) Internationally, the UAE is strategically aligned with the US and broadly sees the challenges of this region the way we do. Abu Dhabi's primordial worry is Iran (this is especially so for MbZ), which is 46 seconds away as measured by the flight of ballistic missile. MbZ is convinced that a military confrontation with Iran is near, and is pressing us for rapid delivery of an integrated air defense system, including THAAD and Patriots to complement an extant wing of the most advanced F-16 Fighters ever built (this year, the UAE will be the largest customer for the USG under the Foreign Military Sales program). Abu Dhabi has taken quiet (very quiet) steps to reduce other ties with Iran, including scaling back visas to Iranians; such policies are controversial within the UAE as they pit Abu Dhabi against the other six emirates, which make their money by trade, not by pumping oil out of the ground. Publicly, the UAE's position on Iran is more nuanced, emphasizing non-interference and mutual respect. The gap between public rhetoric and private action creates challenges for our Iran policy, as does a tendency to overinterpret the Administration's approach to engaging Iran. It is important that you emphasize that our commitment to sanctions remains undiminished, and that the point of engagement remains to change Iranian behavior.

¶5. (C) On other regional issues, the UAE is a valued partner for the United States, as it:

-- Has 300 troops on the ground in Afghanistan, there since 2003,

have taken casualties. Currently deploying an additional task force to support Afghan elections.

-- Has provided substantial assistance to Pakistan, including a \$300 million pledge at Tokyo Friends of Pakistan Conference, and recently donated military helicopters at our request.

-- Is one of the few (perhaps only) members of the Arab League to be current in its financial commitments to the Palestinian Authority.

-- Was the first Gulf country to cancel Iraq's Saddam era debt, and first to send an Ambassador back to Baghdad.

-- Has provided military assistance to Lebanon, and is in the process of providing assistance to Yemen.

¶16. (C) In view of the UAE's military commitment in Afghanistan, and its deep enmity with Al-Qaeda, I believe the leadership has every reason and intention to cooperate with us fully on curtailing any financing of Taliban activities that may flow through UAE territory. The UAE is taking steps to prevent bulk cash transfers out of its territory, but could use a friendly push on this issue.

¶17. (C) You will have been thoroughly briefed on economic and financial issues, but it is worth briefly mentioning here that the UAE is increasingly feeling the effects of the global crisis. Dubai was hit very hard last fall when its property bubble popped, and it faces a substantial debt burden that will require careful management for years to come. Abu Dhabi initially thought itself less likely to be affected, but the pinch has become apparent here within the past two months; Dubai style layoffs and project cancellations appear to be on the cards for Abu Dhabi, even as the high profile projects will continue. Our efforts to negotiate a Free Trade Agreement ended about 18 months ago, reflecting a lack of consensus on key issues (investment in UAE energy sector, local agent rules for US companies, and UAE compliance with international labor standards). The UAE's

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current approach is to seek bilateral liberalization in discrete sectors. Although a major oil producer, Abu Dhabi lacks sufficient natural gas for power generation and is investing in renewables and nuclear power. We signed an Agreement for US-UAE civil nuclear cooperation in May, which is currently under Congressional review.

¶18. (SBU) Human Rights issues are perhaps the one contentious area in our otherwise excellent bilateral relationship. The leadership was stunned by our decision to put the UAE on the Trafficking in Persons Watch List in June, viewing itself as a regional leader on this issue. The UAEG has roundly rejected Human Rights Watch's allegations of labor abuses at one of Abu Dhabi's premier development projects (Saadiyat Island, future home of the Guggenheim Abu Dhabi). The UAE has indicated this week that it is proceeding with the prosecution of Shaykh Issa, a half-brother of the President and MbZ, whose 2004 video-taped torture of an Afghan grain merchant recently drew international attention.

OLSON